

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02
OMB-01 DOE-11 STRE-00 /127 W
-----056688 170153Z /15

R 162340Z FEB 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 5346
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
USMISSION GENEVA
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 2616

USEEC ALSO FOR AMEMBASSY
USMTN ALSO FOR USMISSION
USOECN ALSO FOR AMEMBASSY
DEPT PASS STR ELECTRONICALLY

E.O.11652: GDS
TAGS: EEC, OECD, MTN, ETRD,
SUBJECT: EC COMMISSION REP CONSULTATIONS WITH GOJ ON TRADE

REF: (A) BRUSSELS 2359 (B) TOKYO 2134

1. SUMMARY: MEYNELL OF EC COMMISSION HAS COMPLETED INTEN-
SIVE ROUND OF TALKS WITH GOJ REPRESENTATIVES ON TRADE
PROBLEMS. LITTLE SPECIFIC PROGRESS MADE BUT ISSUES ARE
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SOMEWHAT BETTER DEFINED. FOLLOW-UPS AT HIGHER LEVEL
EXPECTED TO CULMINATE WITH HAFERKAMP VISIT AFTER MARCH 20.
END SUMMARY.

2. BENEDICT MAYNELL REPRESENTING EC COMMISSION
COMPLETED AN INTENSIVE ROUND OF TALKS WITH JAPANESE
ECONOMIC AGENCIES ON OVERALL EC-JAPAN TRADE RELA-

TIONS AND OUTSTANDING TRADE PROBLEMS. MAYNELL TOLD US SPECIFIC PROGRESS WAS NOT EXPECTED IN THESE TALKS. JAPANESE RESPONSE SO FAR HAS BEEN LIMITED. IN DISCUSSION WITH ECOUNS, MEYNELL INDICATED HE EXPECTED LITTLE AND PROBABLY GOT EVEN LESS.

3. MEYNELL GAVE PRIORITY TO OVERALL PROBLEM OF JAPAN'S GLOBAL TRADE AND CURRENT ACCOUNT SURPLUSES WHICH ARE HEAVY BURDEN TO EC MEMBERS AND JAPAN'S OTHER TRADE PARTNERS, WHILE JAPAN PROVIDES ONLY LIMITED ACCESS TO IMPORTS. MEYNELL SPECIFICALLY DENIED A REMARK BY ONE FOREIGN MINISTRY OFFICIAL, THAT HE HAD GONE THROUGH THE STRAUSS-USHIBA JOINT STATEMENT ITEM BY ITEM AND HAD ASKED FOR PARALLEL COMMITMENTS. MEYNELL TOLD US THAT HE EMPHASIZED: 1) NEED FOR JAPAN TO EXPAND INTERNAL DEMAND AND ACHIEVE A HIGH RATE OF GROWTH BUT WITH NO PRECISE NUMBER GIVEN; 2) NECESSITY FOR JAPAN TO EXPAND IMPORTS OF MANUFACTURED PRODUCTS; 3) REQUEST FOR TARIFF CONCESSIONS ON PRODUCTS OF TRADE INTEREST TO THE EC SUCH AS CONFECTIONS, PROCESSED FOODS, AND ALCHOLIC BEVERAGES. HE RAISED QUESTION OF AIRCRAFT SALES, URGING CONSIDERATION BE GIVEN TO BACELL, A-300, AND FOKKER AIRCRAFT, BUT HE AND JAPANESE SOURCES BOTH AGREE THAT AIRCRAFT PURCHASE DECISIONS SHOULD BE ON ORDINARY COMMERCIAL TERMS

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AND "POLITICAL" FACTORS MUST NOT INTERFERE.

4. JAPANESE RESPONSES WERE PREDICTABLY RESTRAINED. THEY DECLINED TO CONSIDER NEW TARIFF REDUCTIONS OUTSIDE THE MTN. THEY POINTED OUT THE DIFFICULTIES OF INCREASING IMPORTS OF MANUFACTURED PRODUCTS AND URGED THAT EC EXPORTERS MAKE A MUCH GREATER EFFORT TO SELL WITHIN JAPAN. THEY NOTED THAT JAPAN HAS SENT A NUMBER OF PURCHASING MISSIONS TO EC OVER THE LAST YEAR OR TWO AND THAT JETRO AND JAPANESE TRADING COMPANIES WERE GIVING INCREASED ATTENTION TO IMPORT PROMOTION. THEY STATED THAT THEY WERE UNABLE TO DISCUSS ANY SORT OF SPECIFIC TARGETS FOR OVERALL GROWTH OR INCREASED IMPORTS, AND COULD ONLY GIVE GENERAL ASSURANCES OF BEST EFFORTS. MEYNELL WAS NOT SURPRISED BY THIS RESPONSE AND DID FEEL THAT JAPANESE AT LEAST UNDERSTAND ISSUES AND THEIR SIGNIFICANCE MORE FULLY. HE DID NOT THINK JAPANESE CURRENT ACCOUNT WOULD SHOW ANY IMPROVEMENT BEFORE AUGUST, IF THEN.

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C O N F I D E N T I A L SECTION 2 OF 2 TOKYO 2616

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5. IN DISCUSSION WITH ECOUNS, MEYNELL DISPLAYED
GREAT INTEREST IN JOINT TRADE FACILITATION COMMITTEE
(TFC) AS MECHANISM FOR INCREASING U.S. EXPORTS TO
JAPAN. HE WAS INTERESTED THAT TFC IS NOT ONLY BEING
USED AS MECHANISM FOR RESOLVING PROBLEMS OF INDIVI-
DUAL BUSINESSMEN, BUT ALSO IS UNDERTAKING BROADER
STUDIES OF TRADE PATTERNS IN AN EFFORT TO IDENTIFY
NEW PROSPECTS. HE OBSERVED THAT EC WAS EMPHASIZING
EXPORTS OF MANUFACTURED PRODUCTS TO JAPAN EVEN MORE
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THAN WE WERE BECAUSE EC HAS LITTLE ELSE TO OFFER.

HE CONCLUDED THAT A JAPAN-EC TRADE FACILITATION COMMITTEE WOULD PROBABLY REQUIRE MUCH MORE STAFF SUPPORT THAN EC AND ITS TOKYO REPRESENTATIVE COULD PROVIDE, BUT IT MIGHT BE USEFUL FOR EC TO SEEK TO ESTABLISH A CHANNEL OF COMMUNICATION TO MITI IN ORDER TO RESOLVE SPECIFIC TRADE PROBLEMS WHEN THEY ARISE.

6. MEYNELL SHOWED EVEN GREATER INTEREST IN THE JOINT ECONOMIC PROJECTIONS STUDY GROUP. HE SAID THAT HE FELT STRONGER ECONOMIC GROWTH WAS MORE IMPORTANT THAN ANYTHING ELSE THE JAPANESE COULD DO, AND THAT HE WAS LOOKING FOR SOME MEANS CONTINUOUSLY TO ENCOURAGE THE JAPANESE TO DO MORE TO INCREASE INTERNAL DEMAND. HOWEVER, HE HAS NO ILLUSIONS ABOUT HOW EASILY THAT CAN BE ACCOMPLISHED.

7. THE NEXT STEP IN EC-JAPAN CONSULTATIONS WILL BE A VISIT TO TOKYO BY DANISH FOREIGN MINISTER ANDERSEN SCHEDULED FOR FEB 27-MAR 1. EC DIRECTOR GENERAL DENMEN IS EXPECTED TO VISIT TOKYO ON MAR 10. COMMISSIONER HAFERKAMP IS CONSIDERING A VISIT TO TOKYO ABOUT MAR 22-23 TO CONCLUDE THIS ROUND OF CONSULTATIONS, BUT IS WITHOLDING A DECISION ON THE TRIP UNTIL PREPARATIONS ARE FURTHER ADVANCED. MANSFIELD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RELATIONS WWITH REGIONAL ORGS, NEGOTIATIONS, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TOKYO02616
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780072-0972
Format: TEL
From: TOKYO USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780244/aaaablno.tel
Line Count: 196
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 126747d5-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 BRUSSELS 2359, 78 TOKYO 2134
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3568418
Secure: OPEN
Status: NATIVE
Subject: EC COMMISSION REP CONSULTATIONS WITH GOJ ON TRADE
TAGS: ETRD, JA, EEC, OECD, MTN
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/126747d5-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014